



Notice of Meeting and Meeting Agenda Capital Regional Hospital District Board

Wednesday, October 30, 2019

1:10 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

Special Meeting - Following Committee of the Whole

1. TERRITORIAL ACKNOWLEDGEMENT

2. APPROVAL OF THE AGENDA

3. PRESENTATIONS/DELEGATIONS

3.1 Presentations

3.2 Delegations

4. SPECIAL MEETING MATTERS

4.1. [19-859](#) 2020 Capital Regional Hospital District Provisional Budget

Recommendation: That the 2020 Capital Regional Hospital District Provisional Budget be approved as submitted.
(WA)

Attachments: [Staff Report: 2020 CRHD Provisional Budget](#)
[Presentation: CRHD 2020 Provisional Budget](#)
[Appendix A: CRHD 2020 Provisional Budget](#)
[Appendix B: CRHD 2020-2024 Future Budget Projections](#)
[Appendix C: CRHD 2020 Capital Expenditures](#)
[Appendix D: CRHD Reserve Summary Schedule 2019-2024](#)

4.2. [19-860](#) Capital Regional Hospital District 2020-2029 Ten Year Capital Plan

Recommendation: That the 2020-2029 Capital Regional Hospital District Capital Plan be approved as submitted.
(WA)

Attachments: [Staff Report: CRHD 2020-2029 Ten Year Capital Plan](#)
[Appendix A: 2020-2029 CRHD Capital Plan](#)
[Appendix B: 2020-2029 Capital Plan Debt Servicing Graph](#)
[Appendix C: Debt Servicing Impact of 10-Year Capital Plan](#)

5. MOTION TO CLOSE THE MEETING

6. ADJOURNMENT

Voting Key:

NWA - Non-weighted vote of all Directors

NWP - Non-weighted vote of participants (as listed)

WA - Weighted vote of all Directors

WP - Weighted vote of participants (as listed)

**REPORT TO THE CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, OCTOBER 30, 2019**

SUBJECT **2020 Capital Regional Hospital District Provisional Budget**

ISSUE

Approval of the 2020 Capital Regional Hospital District (CRHD) Provisional Budget.

BACKGROUND

The *Hospital District Act* requires the 2020 CRHD Provisional Budget for the coming fiscal year be adopted by the Board on or before December 31, 2019. The Budget is comprised of the debt servicing charges on funds borrowed for CRHD capital projects as well as grants for medical equipment and Minor Capital Projects (MCPs), and the administration budget for the CRHD functions performed by the Health and Capital Planning Strategies Division.

ALTERNATIVES

Alternative 1

That the 2020 Capital Regional Hospital District Provisional Budget be approved as submitted.

Alternative 2

That the 2020 Capital Regional Hospital District Provisional Budget be referred back to staff for revision based on Board direction.

FINANCIAL IMPLICATIONS

The 2020 Provisional Budget summary and its comparison to the 2019 Final Budget are included in Appendix A. The overall CRHD requisition decrease is 4.4% as compared to 2019.

Appendix B shows the 2020-2024 future budget projections for information purposes; the overall CRHD requisition is forecast to continue decreasing year-over-year based on the current capital plan and forecasted debt servicing impacts.

Appendix C presents a summary of planned CRHD 2020 capital expenditures.

Appendix D provides a summary of Reserves. The total anticipated reserve balance at 2019 year-end is \$17 million (M) and projected to decrease to \$11.3M by December 31, 2020.

The following summarizes the primary components of the Budget:

2019 Performance

The current year surplus (\$215,000) is the net result of higher than budgeted revenues and expected expenses. The increase in revenue is primarily attributable to higher returns related to interest earnings. Interest earnings were budgeted conservatively based on anticipated cash flow and interest rates. Changes in timing of significant expenditures and favourable interest rates contributed to the surplus.

The increase in expenses is attributable to savings in new debt-issuance related expenses, the early repayment of a renewing debt issuance, and increased property management expenses for the current CRHD land holdings.

2020 Budget

There is a change in the expected 2020 requisition of -4.6% (estimated in last year's 5-year plan for 2020) to -4.4%, primarily the result of less debt being issued based on changes in the capital plan and overall lower interest rates for any new and renewing debt issuances, offset by an increased RHFP Reserve contribution and the surplus carry forward from 2019.

Revenue

In 2020, there are two new revenue sources: Summit annual lease payments of \$4.3M commence, and the 2015 MCP Reserve expires and results in a surplus that will be transferred to the Land Holding Management Reserve.

Debt Servicing

This represents principal and interest payments for Board-approved projects. The Board approved major projects are explained as part of the accompanying CRHD 10-year Capital Plan staff report. CRHD 10-year Capital Plan and related approved capital bylaws are the basis of future debt servicing projections. The total debt servicing for 2020 is \$23M.

Section 20 - Expenditures

Administration Expenditures:

The 2020 CRHD portion of the budget for the Health and Capital Planning Division is \$741,519; made up of Division staff, other administration costs, and charges for other corporate allocations.

Studies and Property Management:

The Property Management budget increase over 2019 is attributed to the fact that CRHD will have property management expense attributed to 950 Kings, Oak Bay Lodge and Summit commencing in 2020. The property management budgets include expenses for insurance, utilities and minor repairs.

Section 20 - Grants

Equipment & Planning/Research:

The *Hospital District Act* Section 20(3) enables Regional Hospital Districts to grant aid to hospitals and designated health care facilities for diagnostic and medical equipment purchases. The District also retains an amount under this category for Divisional activities such as healthcare related research and studies. The \$2.955M proposed for 2020 Section 20(3) expenditures remains unchanged from 2019.

Hospital District Act Section 20(4) Reserve Account Balances:

CRHD is able to maintain reserve accounts for various purposes; Appendix D shows the estimated 2020-2024 Section 20(4) reserve account balances. These reserves have been set aside for fixed purposes.

Section 20 – Reserves

Summit Management Reserve:

As Summit is scheduled to be complete at the end of 2019, there will be an annual contribution of \$263,952, as defined in the project development agreement, made to the Summit Management Reserve to be used for future capital costs.

Land Holdings Management Reserve:

In 2020 an anticipated contribution of \$88,759 for the management of CRHD land holdings such as 950 Kings Road and Oak Bay Lodge is budgeted.

Land Development Reserve:

This reserve is for future development expenses. The estimated reserve balance at December 31, 2019 is \$6M and is forecast to be expended in 2020.

Regional Housing First Program (RHFP) Reserve:

In 2020 a contribution of \$3.75M will be made to the RHFP Reserve as we work toward meeting the 2021 \$10M Hospital District obligation. The total Reserve balance at Dec 31, 2021 is forecast to be \$6.25M and will be used to reduce the total debt servicing.

Non-traditional Projects Reserve

The estimated reserve balance at December 31, 2019 is \$2M. \$1M has been committed to Nigel House. The remaining \$1M has been notionally committed to the Victoria Hospice Society.

Minor Capital Projects Reserve:

Under the *Hospital District Act* Section 20(4), the CRHD maintains a MCP Reserve account. Minor capital projects are cash flowed over three years, with an annual contribution of \$3.75M. The 2015 minor capital reserve is expiring and the anticipated surplus of \$560,000 will be transferred to the land Holding Management Reserve. 2016-2019 Minor Capital Reserve accounts are still active for expenses by Island Health. The 2020 beginning balance in the reserve is \$3.5M with \$1.5M anticipated to be spent in 2020 to Island Health’s MCPs. We anticipate \$2M in reserve at the end of 2020. The \$3.75M proposed for 2020 expenditures is the same amount as 2019. Details on approved MCPs can be found in the accompanying CRHD 10-year Capital Plan staff report.

Tax Requisition:

The 2020 CRHD tax requisition is estimated at \$29.4M or a 4.4% decrease over the 2019 requisition. For 2020, the tax impact on the average household will be \$156.71 (2019 Assessment of \$779,233).

Table 1 provides a comparison of CRHD’s forecasted tax impact, on assessed residential values, for the previous five years. It illustrates the requisition impact each year and how it has trended year-over-year.

Table 1 Forecast Requisition

Budget Year	Residential Assessment	2019	2020	2021	2022	2023	2024
2016 ^a	\$530,059	160.39	155.79				
2017 ^a	\$529,136	164.97	153.36	149.91			
2018 ^a	\$724,009	168.79	154.65	150.07	146.95		
2019 ^a	\$779,233	163.96	154.45	155.98	155.38	154.03	
2020 ^b	\$779,233	n/a	156.71	149.84	146.39	140.96	129.61

^a Final Budget

^b Provisional Budget

CONCLUSION

The 2020 CRHD Provisional Budget must be adopted on or before December 31, 2019. The 2020 Provisional Budget presents the administrative costs of the Hospital District and a reasonable reflection of the actual costs for Board-approved and future year capital projects.

The 2020 CRHD Provisional Budget 5-year total projected anticipates considerable reductions in tax requisition beginning in 2020 as a result of lease payments from the Summit project. The overall budget proposes a requisition decrease of 4.4%. Alternative 1 is recommended.

RECOMMENDATION

That the 2020 Capital Regional Hospital District Provisional Budget be approved as submitted.

Submitted by:	Michael Barnes, MPP, Senior Manager, Health and Capital Planning Strategies
Concurrence:	Kevin Lorette, P.Eng., MBA, General Manager Planning & Protective Services
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

MB:gm

- Attachments: Appendix A – CRHD 2020 Provisional Budget
Appendix B – CRHD 2020-2024 Future Budget Projections
Appendix C – CRHD 2020 Capital Expenditures
Appendix D – CRHD Reserve Summary Schedule 2019-2024



Capital Regional Hospital District > 2020 Provisional Budget

**Presentation to CRHD Board
Wednesday October 30, 2019**

	2020 Provisional	2019 Final	H/(L) \$	H/(L) %
Requisition	29.4	30.7	(1.3)	(4.2)
Other	6.5	2.7	3.8	140.7
Total Revenue	\$35.9M	\$33.4M	\$2.5M	7.5%
Debt Servicing	23.3	24.4	(1.1)	(4.5)
Capital Grants	6.7	6.7	-	-
Other	5.9	2.3	3.6	156.5
Total Expenses	\$35.9M	\$33.4M	\$2.5M	7.5%

Revenue

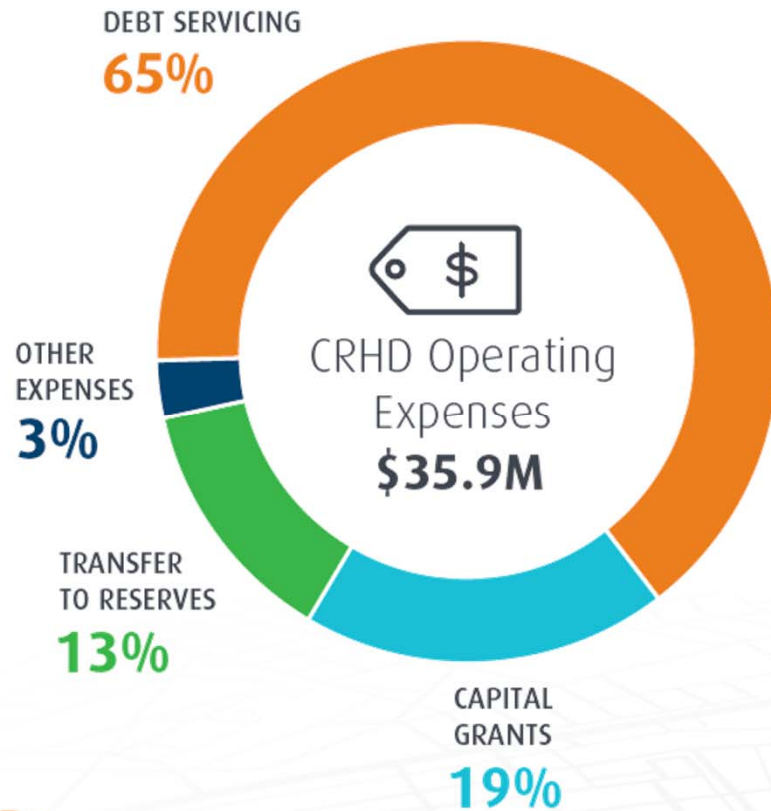
- CRHD begins receiving lease payments from Island Health related to the Summit at Quadra Village care facility
- The net impact results in a reduction to requisition

Expense

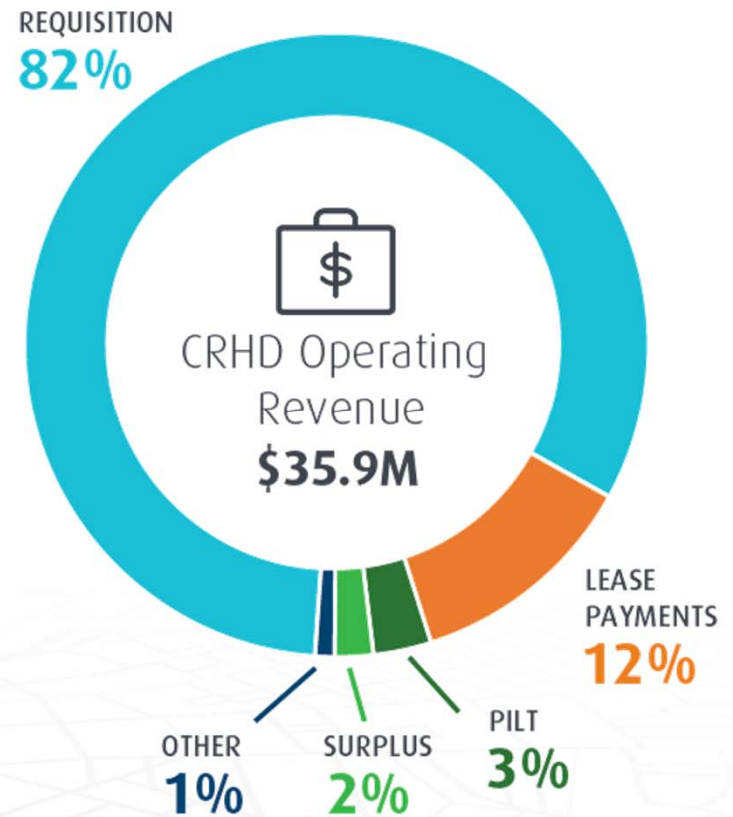
- Debt servicing decreases due to changes in the capital plan and lower interest rates for new and renewing issuances
- Other expenses increase due to transfers to reserves for future Regional Housing First Program liability and for land & property holdings



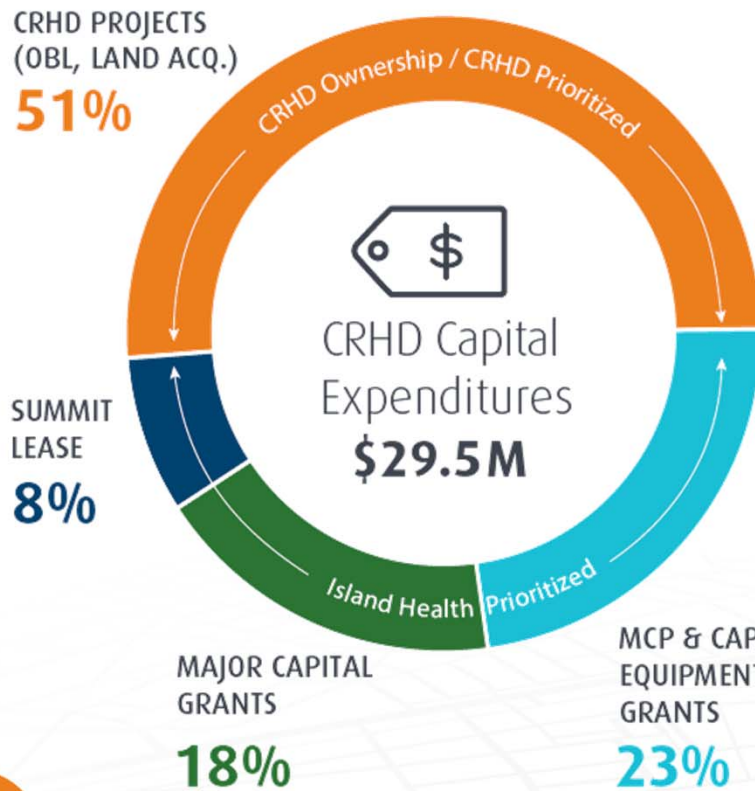
EXPENDITURES



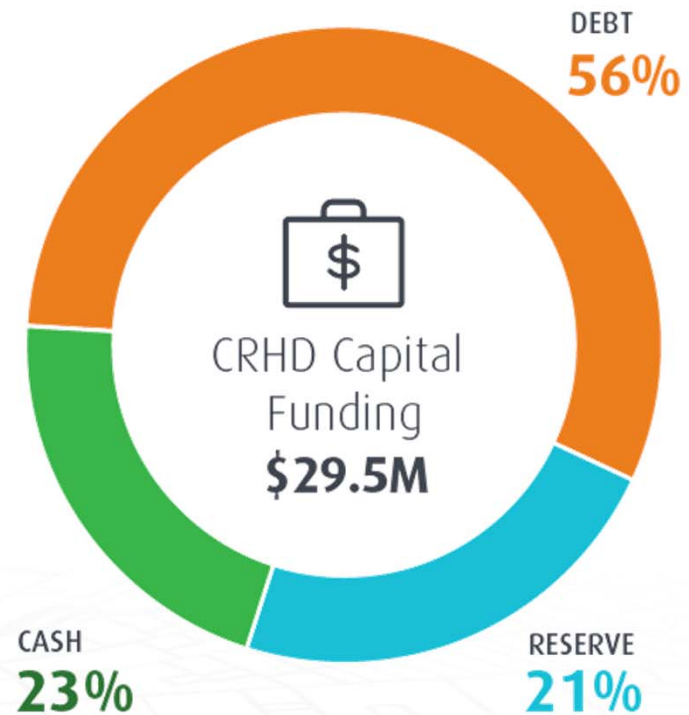
SOURCES OF REVENUE



EXPENDITURES



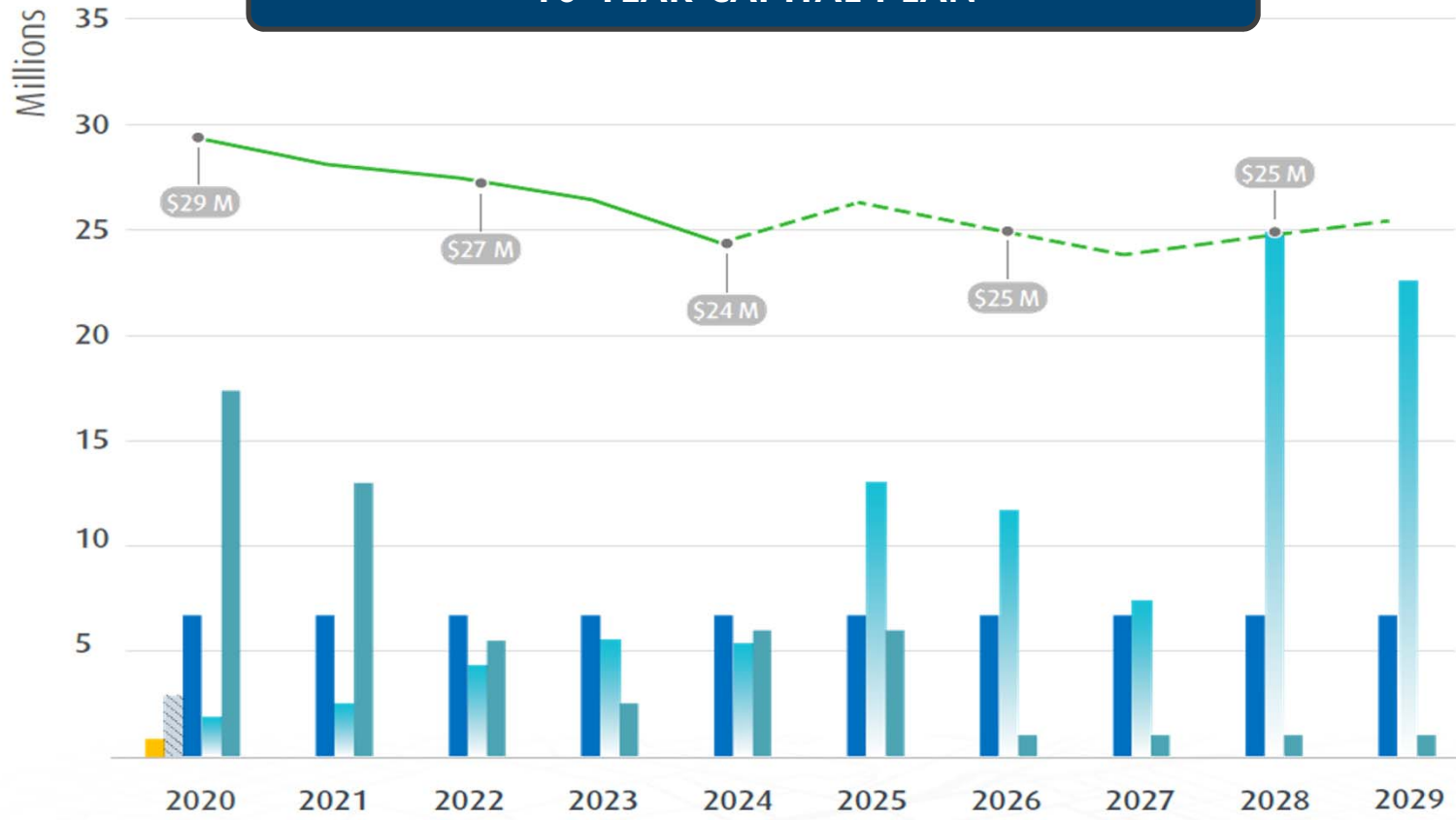
SOURCES OF FUNDING



*All Capital Funding originates from requisition



10-YEAR CAPITAL PLAN



Island Health, Approved	Island Health, MCP & Equipment
Island Health, Planned	Island Health, Possible
CRHD Initiatives	Requisition forecast

* All data represents the CRHD cost apportionment only



APPENDIX A

**CAPITAL REGIONAL HOSPITAL DISTRICT
2020 PROVISIONAL BUDGET**

	2019 BOARD BUDGET	2019 ESTIMATED ACTUALS	2019 ESTIMATED VARIANCE	2020 PROVISIONAL BUDGET	2020 - 2019 BUDGET VARIANCE
REVENUE					
Tax Requisition Total	30,749,980	30,749,980	-	29,391,232	(1,358,749)
Payments in Lieu of Taxes	925,163	925,163	-	925,163	-
	<u>31,675,144</u>	<u>31,675,143</u>	-	<u>30,316,395</u>	<u>(1,358,749)</u>
Debt Reserve Fund Recovery	151,000	178,926	27,926	244,000	93,000
Interest Earnings	576,000	808,104	232,104	175,000	(401,000)
Summit Lease Payments	-	-	-	4,338,178	4,338,178
Other Property Holdings Revenue	-	50,894	50,894	50,957	50,957
Surplus from MCP Expiry	-	-	-	560,000	560,000
Surplus Previous Year	987,360	987,360	-	214,831	(772,529)
TOTAL REVENUE	<u>33,389,504</u>	<u>33,700,428</u>	<u>310,924</u>	<u>35,899,361</u>	<u>2,509,857</u>
EXPENDITURES					
Debt Servicing					
Debenture Debt Charges	24,041,330	24,629,255	587,925	23,041,885	(999,445)
Debenture Debt - Accrued Interest to Dec 31	93,000	(204,000)	(297,000)	42,000	(51,000)
Temporary Borrowing Interest	121,000	906	(120,094)	65,000	(56,000)
Debt Reserve Fund	156,000	70,368	(85,632)	151,860	(4,140)
Total Debt Servicing	<u>24,411,330</u>	<u>24,496,530</u>	<u>85,199</u>	<u>23,300,745</u>	<u>(1,110,586)</u>
HD Act Section 20 Expenditures					
Administration	674,786	674,786	-	741,519	66,733
Studies	258,387	258,387	-	261,154	2,767
Property Management	40,000	76,807	36,807	228,233	188,233
	<u>973,173</u>	<u>1,009,980</u>	<u>36,807</u>	<u>1,230,906</u>	<u>257,733</u>
HD Act Section 20 Expenditures - Capital Grants					
Capital Equipment Grants	2,955,000	2,955,000	-	2,955,000	-
Annual Transfer to Minor Capital Projects Reserve	3,750,000	3,750,000	-	3,750,000	-
	<u>6,705,000</u>	<u>6,705,000</u>	<u>-</u>	<u>6,705,000</u>	<u>-</u>
HD Act Section 20 Expenditures - Reserves					
Transfer to/(from) Summit Management Reserve	-	-	-	263,952	263,952
Transfer to Land Holdings Management Reserve (MCP)	-	-	-	560,000	560,000
Transfer to/(from) Land Holdings Management Reserve	50,000	24,087	(25,913)	88,759	38,759
Transfer to/(from) RHFP Reserve	1,250,000	1,250,000	-	3,750,000	2,500,000
	<u>1,300,000</u>	<u>1,274,087</u>	<u>(25,913)</u>	<u>4,662,711</u>	<u>3,362,711</u>
TOTAL EXPENDITURES	<u>33,389,504</u>	<u>33,485,597</u>	<u>96,093</u>	<u>35,899,361</u>	<u>2,509,857</u>
Surplus		<u>214,831</u>	<u>214,831</u>		
Tax impact on 2019 average residence (\$779,233)	163.96			156.71	
Tax impact on \$100,000 of 2019 completed assessments	21.04			20.11	
Tax requisition increase/(decrease)				-4.4%	

APPENDIX B

**CAPITAL REGIONAL HOSPITAL DISTRICT
2020 - 2024 FUTURE BUDGET PROJECTIONS**

	2020 PROVISIONAL BUDGET	2021 BUDGET	2022 BUDGET	2023 BUDGET	2024 BUDGET
REVENUE					
Tax Requisition Total	29,391,232	28,102,874	27,454,805	26,437,193	24,307,100
Payments in Lieu of Taxes	925,163	925,163	925,163	925,163	925,163
	<u>30,316,395</u>	<u>29,028,037</u>	<u>28,379,969</u>	<u>27,362,356</u>	<u>25,232,263</u>
Debt Reserve Fund Recovery	244,000	405,000	419,000	570,000	792,074
Interest Earnings	175,000	175,000	175,000	175,000	175,000
Summit Lease Payments	4,338,178	4,338,178	4,338,178	4,338,178	4,338,178
Other Property Holdings Revenue	50,957	6,600	-	-	-
Surplus - Minor Capital Projects	560,000	370,000	-	-	-
Surplus - Previous Year	214,831	-	-	-	-
TOTAL REVENUE	<u>35,899,361</u>	<u>34,322,815</u>	<u>33,312,147</u>	<u>32,445,534</u>	<u>30,537,515</u>
EXPENDITURES					
Debt Servicing					
Debenture Debt Charges	23,041,885	24,280,134	24,961,660	24,042,754	22,079,854
Debenture Debt - Accrued Interest to Dec 31	42,000	-	-	-	-
Temporary Borrowing Interest	65,000	65,000	50,000	50,000	50,000
Debt Reserve Fund	151,860	92,160	48,386	80,250	113,972
Total Debt Servicing	<u>23,300,745</u>	<u>24,437,294</u>	<u>25,060,046</u>	<u>24,173,004</u>	<u>22,243,827</u>
HD Act Section 20 Expenditures					
Administration	741,519	757,801	774,432	790,168	806,229
Studies	261,154	263,978	238,287	240,653	243,331
Property Management	228,233	233,993	148,027	72,757	75,176
	<u>1,230,906</u>	<u>1,255,772</u>	<u>1,160,746</u>	<u>1,103,579</u>	<u>1,124,736</u>
HD Act Section 20 Expenditures - Capital Grants					
Capital Equipment Grants	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000
Annual Transfer to Minor Capital Projects Reserve	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
	<u>6,705,000</u>	<u>6,705,000</u>	<u>6,705,000</u>	<u>6,705,000</u>	<u>6,705,000</u>
HD Act Section 20 Expenditures - Reserves					
Transfer to/(from) Summit Management Reserve	263,952	263,952	263,952	263,952	263,952
Transfer to Land Holdings Management Reserve (MCP)	560,000	370,000	-	-	-
Transfer to/(from) Land Holdings Management Reserve	88,759	40,796	122,402	200,000	200,000
Transfer to/(from) RHFP Reserve	3,750,000	1,250,000	-	-	-
	<u>4,662,711</u>	<u>1,924,748</u>	<u>386,354</u>	<u>463,952</u>	<u>463,952</u>
TOTAL EXPENDITURES	<u>35,899,361</u>	<u>34,322,815</u>	<u>33,312,147</u>	<u>32,445,534</u>	<u>30,537,515</u>
Tax impact on 2019 average residence (\$779,233)	156.71	149.84	146.39	140.96	129.61
Tax impact on \$100,000 of 2019 completed assessments	20.11	19.23	18.79	18.09	16.63
Tax requisition increase/(decrease)	-4.4%	-4.4%	-2.3%	-3.7%	-8.1%

APPENDIX C

CAPITAL REGIONAL HOSPITAL DISTRICT 2020 CAPITAL EXPENDITURES PROVISIONAL

Capital Borrowing Bylaw#	Project Description	2020 Capital Expenditures
160	Summit - Residential Care Replacement Project	2,362,000
168	RJH - Unit Dose Medication Distribution Hub (UDMD)	562,409
172	West Shore Urgent Care/Primary Care	218,000
TBD	Beacon Community Services Expansion ¹	1,350,000
TBD	Urban Victoria Urgent Care/Primary Care #1	1,500,000
TBD	Urban Victoria Urgent Care/Primary Care #2	1,500,000
TBD	LMH - Emergency Department ²	201,600
TBD	GRH - Rehabilitation Center Phase 1 ²	150,000
TBD	Oak Bay Lodge	2,000,000
TBD	Land Acquisition/Residential Care Facility	13,000,000
		<hr/> 22,844,009 <hr/>

Capital Expenditure Bylaw#	Project Description	2020 Capital Expenditures
TBD	Sec 20 - 2020 Minor Capital Projects	3,750,000
TBD	Sec 20 - 2020 Capital Equipment Projects	2,955,000
		<hr/> 6,705,000 <hr/>
	Total 2020 Capital Expenditures	<hr/> 29,549,009 <hr/>

¹New to Capital Plan in 2020; subject to receiving Ministry of Health designation

²Project may be primarily funded by the Hospital Foundation

APPENDIX D

**CAPITAL REGIONAL HOSPITAL DISTRICT
Reserve Schedule 2020 - 2024*
PROVISIONAL**

	Budget Year					
	2019 Estimated	2020	2021	2022	2023	2024
Administration & Feasibility Studies Reserve - to be spent on future studies or special projects						
Beginning Balance	1,406,432	1,418,932	1,333,932	1,336,432	1,456,432	1,576,432
Surplus transfer from Operating	120,000	120,000	120,000	120,000	120,000	120,000
Expensed Study or Special Project	(107,500)	(205,000)	(117,500)	-	-	-
	1,418,932	1,333,932	1,336,432	1,456,432	1,576,432	1,696,432
Non-Traditional Projects Reserve - non-profit healthcare facilities capital grant funding						
Beginning Balance	2,000,000	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Capital Grant to be Allocated	-	(1,000,000)	-	-	-	-
	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
2015 Minor Capital Projects Reserve - MCP Capital Grants to VIHA that are cashflowed over 3 years (2015-2017)						
Beginning Balance	808,163	560,000	-	-	-	-
Transfer from/(to) Operating	-	(560,000)	-	-	-	-
Capital Grant Paid to VIHA (Island Health)	(248,163)	-	-	-	-	-
	560,000	-	-	-	-	-
2016 Minor Capital Projects Reserve - MCP Capital Grants to VIHA that are cashflowed over 3 years (2016-2018)						
Beginning Balance	475,704	416,761	370,000	-	-	-
Transfer from/(to) Operating	-	-	(370,000)	-	-	-
Capital Grant Paid to VIHA (Island Health)	(58,943)	(46,761)	-	-	-	-
	416,761	370,000	-	-	-	-
2017 Minor Capital Projects Reserve - MCP Capital Grants to VIHA that are cashflowed over 3 years (2017-2019)						
Beginning Balance	522,124	272,124	-	-	-	-
Transfer from Operating	-	-	-	-	-	-
Capital Grant Paid to VIHA (Island Health)	(250,000)	(272,124)	-	-	-	-
	272,124	-	-	-	-	-
2018 Minor Capital Projects Reserve - MCP Capital Grants to VIHA that are cashflowed over 3 years (2018-2020)						
Beginning Balance	2,336,420	1,336,420	586,420	-	-	-
Transfer from Operating	-	-	-	-	-	-
Capital Grant Paid to VIHA (Island Health)	(1,000,000)	(750,000)	(586,420)	-	-	-
	1,336,420	586,420	-	-	-	-
2019 Minor Capital Projects Reserve - MCP Capital Grants to VIHA that are cashflowed over 3 years (2019-2021)						
Beginning Balance	-	3,500,000	2,000,000	1,000,000	250,000	-
Transfer from Operating	3,750,000	-	-	-	-	-
Capital Grant Paid to VIHA (Island Health)	(250,000)	(1,500,000)	(1,000,000)	(750,000)	(250,000)	-
	3,500,000	2,000,000	1,000,000	250,000	-	-
Land Holdings Management Reserve - CRHD properties: 950 Kings, Oak Bay Lodge, Other						
Beginning Balance	213,210	233,210	882,210	1,292,210	1,414,210	1,584,210
Transfer from Operating - MCP expired	-	560,000	370,000	-	-	-
Transfer from Operating	50,000	200,000	200,000	200,000	200,000	200,000
Expenses - transfer to Operating	(30,000)	(111,000)	(160,000)	(78,000)	(30,000)	(30,000)
	233,210	882,210	1,292,210	1,414,210	1,584,210	1,754,210
Land Development Reserve - Future development and CRHD projects						
Beginning Balance	5,956,904	6,104,498	-	-	-	-
Interest earnings	147,594	75,835	-	-	-	-
Purchase of land	-	(6,180,333)	-	-	-	-
	6,104,498	-	-	-	-	-
Regional Housing First Health Projects Reserve - new program under development						
Beginning Balance	-	1,250,000	5,000,000	-	-	-
Transfer from Operating	1,250,000	3,750,000	1,250,000	-	-	-
Expenses	-	-	(6,250,000)	-	-	-
	1,250,000	5,000,000	-	-	-	-
Summit Management Reserve						
Beginning Balance	-	-	263,952	527,904	791,856	1,055,808
Transfer from Operating - Lifecycle Contribution	-	263,952	263,952	263,952	263,952	263,952
Expenses - transfer to Operating	-	-	-	-	-	-
	-	263,952	527,904	791,856	1,055,808	1,319,760
Total	17,091,945	11,436,514	5,156,546	4,912,498	5,216,450	5,770,402

* Under the Hospital District Act Section 20(4), CRHD is able to maintain reserve accounts for specified purposes

**REPORT TO THE CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, OCTOBER 30, 2019**

SUBJECT **Capital Regional Hospital District 2020-2029 Ten Year Capital Plan**

ISSUE

Approval of the Capital Regional Hospital District (CRHD) 2020-2029 Ten Year Capital Plan.

BACKGROUND

The 2020-2029 CRHD Capital Plan (Appendix A) is derived from Island Health's healthcare capital priorities and represents the CRHD's ongoing capital commitments, anticipated new capital expenditures and the financial implications for the CRHD's requisition and future property tax changes.

In preparation for annual updates to the Capital Plan, CRHD staff monitors throughout the year the CRHD's capital contribution to ongoing projects and reviews with Island Health staff, planned new capital projects. Some modifications to the previous year's plan may occur based on the ongoing review of emerging Island Health patient-focused priorities.

Key changes to the 2020-2029 Major Capital projects list (greater than \$2 million (M)) from the 2019 Capital Plan include:

Two new planned major projects in 2020:

- Beacon Community Services Expansion – Island Health will be undertaking work at various sites across the Capital Regional District. This includes renovations at Salt Spring Island Public Health Services, Saanich Peninsula Health Unit, Lady Minto Hospital, Pender Island Health Unit, Esquimalt/Westshore Home Health, Saanich Community Health Unit, Oak Bay/Gordon Health Unit and Victoria Health Unit. The total estimated cost for this project is \$4.5M.
- Urban Victoria Urgent Primary Care Centre - The total estimated cost for this project increased from \$3.4M to \$5M in the 2020 – 2029 Capital Plan.

New possible projects added to the 2020-2029 Capital Plan:

- Victoria General Hospital (VGH) Pediatric Intensive Care Unit for 2024, estimated total cost of \$5M
- VGH Intensive Care Unit Renovation for 2024, estimated total cost of \$5M
- Gorge Road Hospital Rehabilitation Centre (Phase 2) for 2023, estimated total cost of \$2M
- Mount Tolmie Redevelopment for 2021, estimated total cost of \$7M

Automated Medication Dispensing Units for Royal Jubilee Hospital (RJH), VGH and Saanich Peninsula Hospital, estimated at \$9.1M and Air Handling Unit Replacement for RJH estimated at \$2.3M have been removed from the Capital Plan as they are less of a priority than other projects.

ALTERNATIVES

Alternative 1

That the 2020-2029 Capital Regional Hospital District Capital Plan be approved as submitted.

Alternative 2

That staff be directed to provide additional information based on Board direction.

FINANCIAL IMPLICATIONS

Alternative 1 reflects the CRHD’s continued commitment to fund Major Projects and Minor Capital Projects, as well as healthcare equipment. Major Capital Projects are currently cost shared on a 30% basis. The total CRHD estimated cash flow for 2020 to 2029 is \$224M.

The Capital Plan continues to reflect significant debt management and control on the overall CRHD requisition established in previous years. Appendix B illustrates the existing and estimated debt service implications of the 2020-2029 Ten Year Capital Plan and identifies Summit debt servicing costs which will be recovered from Island Health through lease payments. We anticipate the Summit project to complete near the end of 2019 and the lease payments to begin in 2020. Appendix C summarizes the requisition impact based on average assessed residential value.

The Capital Plan will have to be amended to include any new project requests. Pursuant to Board’s direction, any new project requests will have to be accommodated within the approved 10-year funding envelope. The cash flow will have to be amended accordingly to ensure the overall 10-year funding envelope remains unchanged.

CONCLUSION

Staff continues to work in collaboration with Island Health to refine capital plans to best serve the needs of the region. The Capital Plan presents an accurate reflection of cash flow to complete ongoing (CRHD Board previously approved) projects and estimated cash flow for new projects to be approved in the future.

The proposed 2020-2029 Capital Plan includes projects Island Health may implement in future years within the region; it portrays a partial road map for future anticipated healthcare capital projects and respective cash flows. The proposed Capital Plan is the best indication at this time of Island Health’s long-term healthcare capital requirements within the region. The proposed 2020 CRHD Provisional Budget incorporates the financial implications of the 2020-2029 Capital Plan.

RECOMMENDATION

That the 2020-2029 Capital Regional Hospital District Capital Plan be approved as submitted.

Submitted by:	Michael Barnes, MPP, Senior Manager, Health and Capital Planning Strategies
Concurrence:	Kevin Lorette, P.Eng., MBA, General Manager Planning & Protective Services
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

MB:gm

Attachments: Appendix A – 2020-2029 CRHD Capital Plan
Appendix B – 2020-2029 Capital Plan Debt Servicing Graph
Appendix C – Debt Servicing Impact of 10-Year Capital Plan (2020-2029)

**CAPITAL REGIONAL HOSPITAL DISTRICT CAPITAL PLAN
For Years 2020 to 2029 at August 2, 2019**

Project Type / Status	Project Description	Facility / Site	CBL Bylaw #	CRHD Share (%)	CRHD Share Total Project (\$)	Debt Term (Yrs)	Total Project Budget (\$)	Completed to Date (\$)	Total Project Remaining Balance (\$)
Major Project - Approved	Unit Dose Medication Distribution - South Island Hut	Royal Jubilee Hospital	168	40%	4,124,196	10	10,310,491	8,779,469	1,531,023
Major Project - Approved	West Shore Urgent Care/Primary Care	St. Anthony's 582 Goldstream Road	172	30%	1,272,000	5	4,240,000	-	4,240,000
Major Project - Planned	Beacon Community Services Expansion	Victoria		30%	1,350,000	5	4,500,000	-	4,500,000
Major Project - Planned	Urban Victoria Urgent Care/Primary Care #1	South Island		30%	1,500,000	5	5,000,000	-	5,000,000
Major Project - Possible	Urban Victoria Urgent Care/Primary Care #2	Victoria		30%	1,500,000	5	5,000,000	-	5,000,000
Major Project - Possible	Emergency Department ¹	Lady Minto Hospital		30%	1,440,000	5	4,800,000	-	4,800,000
Major Project - Possible	Rehabilitation Center Phase 2 ²	Gorge Road Hospital		30%	600,000	5	2,000,000	-	2,000,000
Major Project - Possible	Mount Tolmie Redevelopment	Mount Tolmie		30%	2,160,000	10	7,200,000	-	7,200,000
Major Project - Possible	High Acuity Unit	Victoria General Hospital		30%	1,200,000	5	4,000,000	-	4,000,000
Major Project - Possible	High Acuity Unit	Royal Jubilee Hospital		30%	1,200,000	5	4,000,000	-	4,000,000
Major Project - Possible	Energy Centre Replacement ¹	Saanich Peninsula Hospital		30%	2,400,000	10	8,000,000	-	8,000,000
Major Project - Possible	Child Youth Mental Health ²	Victoria General Hospital		30%	1,500,000	5	5,000,000	-	5,000,000
Major Project - Possible	Rehabilitation Center Phase 2 ²	Gorge Road Hospital		30%	4,500,000	15	15,000,000	-	15,000,000
Major Project - Possible	VGH Pediatric Intensive Care Unit - New	Victoria General Hospital		30%	1,500,000	5	5,000,000	-	5,000,000
Major Project - Possible	VGH Intensive Care Unit Renovation - New	Victoria General Hospital		30%	1,500,000	5	5,000,000	-	5,000,000
Major Project - Possible	Medical Device Reprocessing Department	Victoria General Hospital		30%	990,000	5	3,300,000	-	3,300,000
Major Project - Possible	10G Fibre Expansion (IMT)	Royal Jubilee Hospital		30%	900,000	5	3,000,000	-	3,000,000
Major Project - Possible	Hillside/Kings Licensed Residential Care Facility	Hillside & Quadra		30%	12,000,000	15	40,000,000	-	40,000,000
Major Project - Possible	Begbie Hall Decant/Eric Martin Pavilion Asbestos Abatement	Royal Jubilee Hospital		30%	1,470,000	5	4,900,000	-	4,900,000
Major Project - Possible	Multidisciplinary Pain Clinic	Royal Jubilee Hospital		30%	900,000	5	3,000,000	-	3,000,000
Major Project - Possible	Energy Centre Replacement ¹	Victoria General Hospital		30%	5,505,000	15	18,350,000	-	18,350,000
Major Project - Possible	Preadmission Clinic Consolidation (RJH&VGH)	Royal Jubilee Hospital		30%	600,000	5	2,000,000	-	2,000,000
Major Project - Possible	VGH Operating Room Upgrade	Victoria General Hospital		30%	1,500,000	5	5,000,000	-	5,000,000
Major Project - Possible	Residential Care Upgrade & Replacement Projects Phase 3	South Island		30%	22,500,000	15	75,000,000	-	75,000,000
Major Project - Possible	Child Youth and Family Services Redevelopmer	Victoria General Hospital		30%	12,600,000	15	42,000,000	-	42,000,000
Major Project - Possible	Pembroke Mental Health Substance Use Centre ³	Victoria Health Unit		30%	1,500,000	5	5,000,000	-	5,000,000
Major Project - Other	Routine Capital Investment Project(s)	Royal Jubilee Hospital		30%	12,000,000	15	40,000,000	14,780,000	25,220,000
Major Project - Other	Routine Capital Investment Project(s)	Victoria General Hospital		30%	12,000,000	15	40,000,000	5,880,000	34,120,000
ISLAND HEALTH TOTAL					112,211,196		370,600,491	29,439,469	341,161,023
Minor Project - Requested	Minor Capital Projects Current Budget Year - 40% CRHD Share (\$3.75M expensed)	Various	173	40%	3,750,000	N/A	9,375,000	-	9,375,000
Minor Project - Anticipated	Minor Capital Projects Future Budget Years - 40% CRHD Share (\$3.75M expensed)	Various		40%	33,750,000	N/A	84,375,000	-	84,375,000
Minor Equipment Grants	CRHD Section 20 Equipment Grants - 100% CRHD Share expensed annual	Various		100%	29,550,000	N/A	29,550,000	-	29,550,000
Non-Traditional Project	Non-Traditional Projects Grants - 100% CRHD Share (Suspended 2015-2024) - expensed annual	Various		100%	5,000,000	N/A	5,000,000	-	5,000,000
CRHD Project	Hillside/Kings Licensed Residential Care Facility	950 Kings Rd.		100%	15,000,000	15	15,000,000	-	15,000,000
CRHD Project	Summit Residential Care Replacement (320 beds) - CRD Share	Summit at Quadra Village	160	100%	25,193,285	15	25,193,285	25,193,285	-
CRHD Project	Summit Residential Care Replacement (320 beds) - Leased Share	Summit at Quadra Village	160	100%	61,250,000	25	61,250,000	41,451,451	19,798,549
CRHD Project	Regional Housing First Program (RHFP) Contribution - \$6.25M cash and \$3.75M financed over 5 years	TBD		100%	10,000,000	5	10,000,000	-	10,000,000
CRHD Project	Land Acquisition/Residential Care Facility - funded from land development reserve and long-term deb	TBD		100%	13,000,000	10	13,000,000	-	13,000,000
CRHD Project	Oak Bay Lodge -\$5M (2020-2021) financed over 5 years, \$5M (2022) no impact to debt servicing (capital plan under development)	Oak Bay Lodge		100%	10,000,000	5	10,000,000	-	10,000,000
CRHD TOTAL					206,493,285		262,743,285	66,644,736	196,098,549
PROJECT TOTAL - before inflation					318,704,481		633,343,776	96,084,205	537,259,572
Inflation 2.22%									6,972,798
PROJECT TOTAL - including inflation									544,232,370
CRHD SHARE TOTAL ESTIMATED ANNUAL CAPITAL CASH FLOW									225,134,596

2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
1,406,023	-	-	-	-	-	-	-	-	-
726,667	-	-	-	-	-	-	-	-	-
4,500,000	-	-	-	-	-	-	-	-	-
5,000,000	-	-	-	-	-	-	-	-	-
5,000,000	-	-	-	-	-	-	-	-	-
672,000	1,200,000	2,400,000	528,000	-	-	-	-	-	-
500,000	1,500,000	-	-	-	-	-	-	-	-
-	5,400,000	1,800,000	-	-	-	-	-	-	-
-	-	2,000,000	2,000,000	-	-	-	-	-	-
-	-	2,000,000	2,000,000	-	-	-	-	-	-
-	-	4,000,000	4,000,000	-	-	-	-	-	-
-	-	-	2,500,000	2,500,000	-	-	-	-	-
-	-	-	1,000,000	5,000,000	8,000,000	1,000,000	-	-	-
-	-	-	-	2,500,000	2,500,000	-	-	-	-
-	-	-	-	2,500,000	2,500,000	-	-	-	-
-	-	-	-	-	1,650,000	1,650,000	-	-	-
-	-	-	-	-	1,500,000	1,500,000	-	-	-
-	-	-	-	-	20,000,000	20,000,000	-	-	-
-	-	-	-	-	-	2,450,000	2,450,000	-	-
-	-	-	-	-	-	1,500,000	1,500,000	-	-
-	-	-	-	-	-	-	9,175,000	9,175,000	-
-	-	-	-	-	-	-	1,000,000	1,000,000	-
-	-	-	-	-	-	-	-	2,500,000	2,500,000
-	-	-	-	-	-	-	-	37,500,000	37,500,000
-	-	-	-	-	-	-	-	21,000,000	21,000,000
-	-	-	-	-	-	-	-	-	2,500,000
-	-	1,000,000	1,000,000	100,000	3,120,000	5,000,000	5,000,000	5,000,000	5,000,000
-	-	1,000,000	5,000,000	5,000,000	3,120,000	5,000,000	5,000,000	5,000,000	5,000,000
17,804,689	8,100,000	14,200,000	18,028,000	17,600,000	42,390,000	38,100,000	24,125,000	81,175,000	73,500,000
9,375,000	-	-	-	-	-	-	-	-	-
-	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000
2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000
-	-	-	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
-	-	500,000	2,500,000	6,000,000	6,000,000	-	-	-	-
-	-	-	-	-	-	-	-	-	-
2,362,000	-	-	-	-	-	-	-	-	-
-	10,000,000	-	-	-	-	-	-	-	-
13,000,000	-	-	-	-	-	-	-	-	-
2,000,000	3,000,000	5,000,000	-	-	-	-	-	-	-
29,692,000	25,330,000	17,830,000	14,830,000	18,330,000	19,330,000	13,330,000	13,330,000	13,330,000	13,330,000
47,496,689	33,430,000	32,030,000	32,858,000	35,930,000	61,720,000	51,430,000	37,455,000	94,505,000	86,830,000
-	119,880	261,960	388,500	390,720	941,058	845,820	535,575	1,802,085	1,631,700
47,496,689	33,549,880	32,291,960	33,246,500	36,320,720	62,661,058	52,275,820	37,990,575	96,307,085	88,461,700
29,549,009	22,170,964	16,543,588	14,729,950	18,102,216	26,704,317	19,388,746	15,103,173	32,598,126	30,244,510

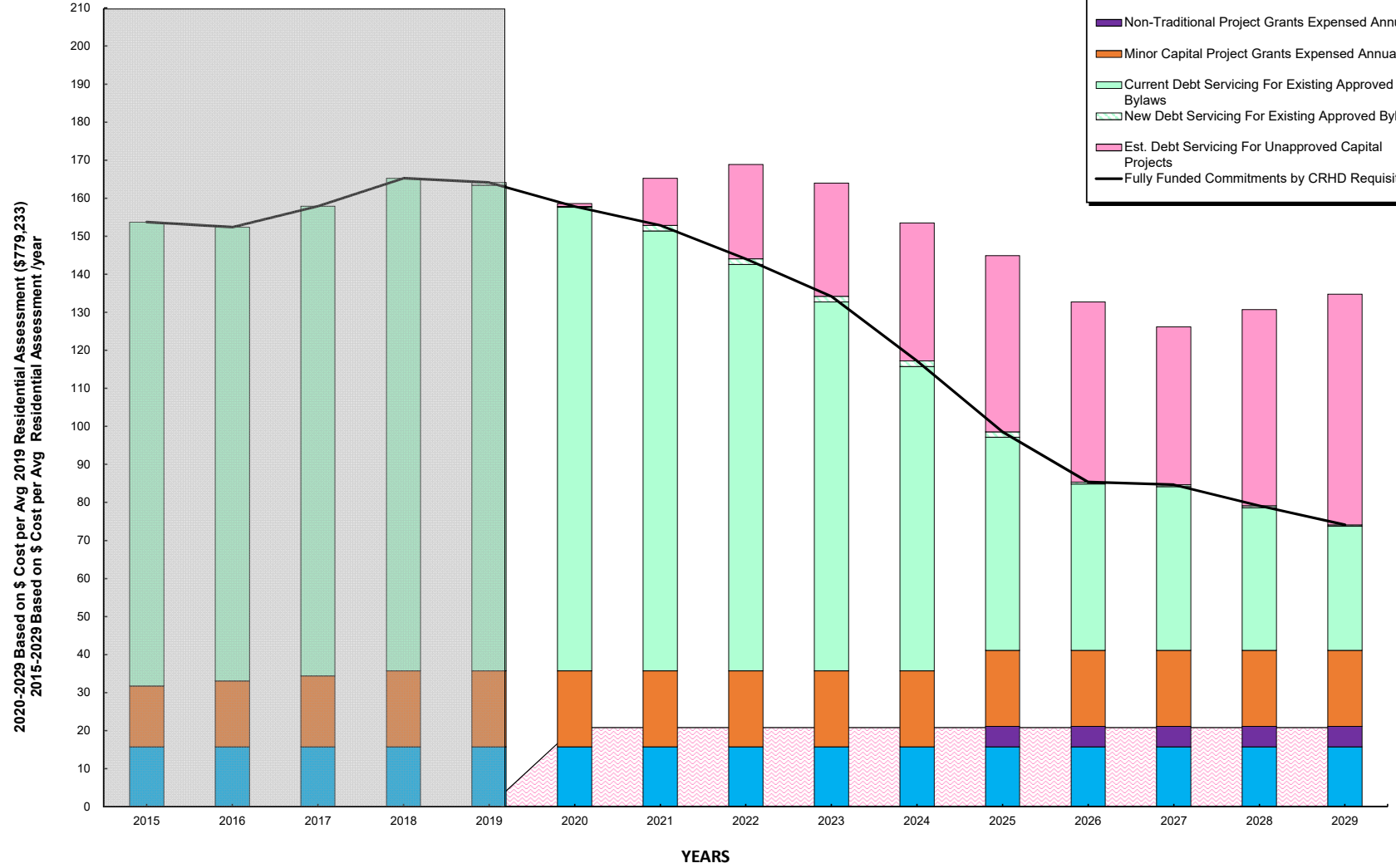
General Notes
¹Rules for debt borrowing period (amortization) are based on total project cost: \$2-5M 5yrs; \$5-12.5M 10yrs; >\$12.5M 15y
²Project may be primarily funded by the Hospital Foundation
³Project will be part of a larger project with BC Housing and CRE
⁴Potential start dates depend on annual prioritization process and funding availability from Ministry of Health, CRHD and other funding sources. As a result, start dates are preliminary and may change
⁵Inflation is calculated at a rate of 2% and applied to forecasted projects if applicable (approved bylaws and land acquisition are not subject to inflation)

Project Type / Status Legend:
Major Project - Approved: Capital Borrowing Bylaw has been approved; project values > \$2M
Major Project - Planned: Island Health has received approval from Ministry of Health; project values > \$2M
Major Project - Possible: Desired projects and subject to future review and change; project values > \$2M
Major Project - Other: Projects not yet identified; to recognize health care needs and technology are continuously changing
Minor Project - Requested/Anticipated: Current and future year minor projects with values in the range of \$100k-\$2M, up to max. \$9.375M
Non-Traditional Projects: Non-traditional project funding
Minor Equipment Grants: HD Act Section 20 minor equipment grants
CRHD Project: CRHD capital initiatives

**CAPITAL REGIONAL HOSPITAL DISTRICT
Debt Servicing Impact of Capital Plan (2015-2029)
MFA Borrowing Terms 5-25yrs**

APPENDIX B

-  Summit Debt Servicing Recovered by Lease Payments
-  Capital Equipment Grants Expensed Annually
-  Non-Traditional Project Grants Expensed Annually
-  Minor Capital Project Grants Expensed Annually
-  Current Debt Servicing For Existing Approved Bylaws
-  New Debt Servicing For Existing Approved Bylaws
-  Est. Debt Servicing For Unapproved Capital Projects
-  Fully Funded Commitments by CRHD Requisition



Debt Servicing costs have not been adjusted for PILTs, Other income, Admin & MFA Financing Fees
Prepared by: CRD Finance September 6, 2019

CAPITAL REGIONAL HOSPITAL DISTRICT
Debt Servicing Impact of 10 Year Capital Plan (2020-2029)
Cost per Average 2019 Residential Assessment (\$779,233)
Based on MFA Borrowing Terms of 5, 10, 15, 25 Years

Year	Existing Debt Servicing	Capital Exp (2020-2039)		Capital Equipment	Section 20 Expensed		Minor Capital Projects	Total Requisition	Total Requisition \$ Value
		Estimated Debt Servicing	Total Debt Servicing		Non-Traditional Projects				
2020	121.86	1.00	122.86	15.76	0.00	20.00	158.61 *	29,746,885 *	
2021	115.65	13.81	129.46	15.76	0.00	20.00	165.21	30,985,134	
2022	106.83	26.26	133.10	15.76	0.00	20.00	168.85	31,666,660	
2023	96.99	31.21	128.20	15.76	0.00	20.00	163.95	30,747,754	
2024	79.99	37.74	117.73	15.76	0.00	20.00	153.48	28,784,854	
2025	56.04	47.75	103.79	15.76	5.33	20.00	144.87	27,170,269	
2026	43.76	47.91	91.67	15.76	5.33	20.00	132.75	24,897,701	
2027	43.07	42.01	85.07	15.76	5.33	20.00	126.16	23,660,100	
2028	37.54	52.05	89.58	15.76	5.33	20.00	130.67	24,506,010	
2029	32.66	61.01	93.67	15.76	5.33	20.00	134.76	25,273,140	
2030	29.97	57.57	87.54	15.76	5.33	20.00	128.62	24,122,590	
2031	28.23	50.25	78.48	15.76	5.33	20.00	119.56	22,423,498	
2032	23.64	47.09	70.73	15.76	5.33	20.00	111.82	20,970,664	
2033	23.64	45.09	68.73	15.76	5.33	20.00	109.82	20,595,569	
2034	23.17	43.34	66.51	15.76	5.33	20.00	107.59	20,178,798	
2035	20.80	43.34	64.14	15.76	5.33	20.00	105.22	19,734,540	
2036	20.80	43.34	64.14	15.76	5.33	20.00	105.22	19,734,540	
2037	20.80	42.81	63.61	15.76	5.33	20.00	104.70	19,635,714	
2038	20.80	40.61	61.42	15.76	5.33	20.00	102.50	19,223,250	
2039	20.80	36.31	57.11	15.76	5.33	20.00	98.19	18,415,717	
								<u>482,473,386</u>	

*Requisition values are calculated based on forecasted debt servicing costs only and vary from budgeted requisition due to other budgetary drivers